

Message Text

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ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 TRSE-00 AID-05

OMB-01 CIAE-00 INR-07 NSAE-00 /035 R

66611

DRAFTED BY: XMB:AMOHANIAN/RLS

APPROVED BY: EB/OCA/REP:LAKLIEFORTH

WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

EB/IFD/ODF:RASWART

ARA/MEX:GFFALK

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R 282305Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

UNCLAS STATE 124253

E.O. 11652: NA

TAGS: APUB, MX

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO CEPAMISA OF
MICHOCAN

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-
IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS
3,840,000 TO CELULOSA Y PAPEL DE MICHOCAN, S.A. (CEPAMISA)
OF MICHOCAN. RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON,D.C. FOR A.M. PAPERS,
TUESDAY, JUNE 10, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 3,840,000 SUPPORTS DOLS 9.6
MILLION SALE OF U.S. PAPER-MAKING EQUIPMENT TO MEXICAN COMPANY

TO SUPPORT A DOLS 9.6 MILLION SALE OF U.S.. PAPER-MAKING
MACHINERY TO A COMPANY IN MEXICO, THE BOARD OF DIRECTORS OF
THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A
DIRECT CREDIT OF DOLS 3,840,000 TO FINANCE 40 PERCENT OF THE
TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN
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WILLIAM J. CASEY. A CREDIT OF DOLS 4,140,000 FROM BANK OF

AMERICA, N.T. AND S.A., WILL FINANCE 43 PERCENT OF THE TOTAL U.S. COSTS. THE OBLIGOR, CELULOSA Y PAPEL DE MICHOACAN, S.A. (CEPAMISA) OF MICHOACAN, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 17 PERCENT OR DOLS 1,620,000.

THE PAPER-MAKING MACHINERY WILL BE INSTALLED ADJOINING CEPAMISA'S LARGE PULP MILL LOCATED AT MORELIA IN THE STATE OF MICHOACAN. THE MACHINE TO BE PURCHASED FROM BLACK CLAWSON COMPANY OF FULTON, NEW YORK, WILL BE DESIGNED TO PRODUCE PRINTING AND WRITING PAPERS FOR THE EXPANDING MEXICAN MARKET.

THE LOANS ARE TO BE REPAID IN 10 SEMIANNUAL INSTALLMENTS BEGINNING JUNE 15, 1977. EXIMBANK'S DIRECT CREDIT OF DOLS 3,840,000 WILL BE REPAID OUT OF A PORTION OF THE SIXTH INSTALLMENT AND ALL OF THE INSTALLMENTS 7 THROUGH 10, WITH INTEREST AT THE ANNUAL RATE OF 8 PERCENT, WHICH WHEN BLENDED WITH THE INTEREST RATE ON THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF FROM 8.55 PCERCENT TO 8.8 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY COMPANIA DE LAS FABRICAS DE PAPEL DE SAN RAFAEL Y ANEXAS, S.A., WHICH IS THE PARENT OF CEPAMISA. UNQUOTE INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, EQUIPMENT, BANKS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE124253
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:AMOHANIAN/RLS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750187-0774
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750511/aaaaakis.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 01 DEC 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 DEC 2003 by MaustMC>; APPROVED <12 JAN 2004 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO CEPAMISA OF MICHOACAN
TAGS: APUB, EFIN, XMB, CEPAMISA OF MICHOACAN
To: MEXICO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006